



**BIJU PATNAIK INSTITUTE OF INFORMATION
TECHNOLOGY& MANAGEMENT STUDIES
(BIITM), BHUBANESWAR**

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SUMMER INTERNSHIP PROJECT2024

REPORT TITLE

**Financial Statement Analysis Of Odisha
Hydro Power Corporation Ltd.**

SUBMITTED BY

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**MBA Batch: 2023-25
University Regn. No.: 2306258122**

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ACKNOWLEDGEMENT

The internship opportunity I had with **ODISHA HYDRO POWER CORPORATION LTD.** Was a great chance for learning and professional development. Therefore, I consider myself as a lucky individual as I was provided with an opportunity to be a part of it. I am also grateful for having a chance to meet so many experienced people and professionals who led me through this internship period.

I acknowledge my greatest pleasure of having this opportunity to describe the feeling of gratitude imprisoned in the core. I convey my sincere gratitude to **Mr. Lokanath Mohanty, Manager (Finance)** of **ODISHA HYDRO POWER CORPORATION LTD. BHUBANESWAR** for his erudite guidance amassed with incomparable acumen in the field of my project. In spite of being extraordinarily busy with his duties, he took time out to hear, guide and keep me on the correct path and allowing me to carry out the project at their esteemed organization.

I am greatly thankful to my internal guide **Mr. Tapaswini Nayak, Faculty (MBA)** of **BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES, Bhubaneswar** for his valued guidance and giving me his kind, cordial and wise suggestion in completion of my project work. I greatly owe the compliance of the study to them and expect their magnanimous help and cooperation in the future too.

I express my sincere obligation and thanks to all my faculties of BIITM for their valuable advice in guiding me at every stage in bringing out this project.

SINCERELY

PRANGYASMITA PANDA
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PREFACE

This summer internship project is a part of the curriculum of two years post-graduation in MBA (Master of Business Administration) program of **BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES, Bhubaneswar**. This report is the product of summer internship in the Financial Statement Analysis at ODISHA HYDRO POWER CORPORATION LTD. From 3rd June 2024 to 31st July 2024.

At OHPC, I have been able to acquire comprehensive and in-depth knowledge about Recruitment and Selection process they used to follow. I am fortunate enough to get an opportunity to undergo training at OHPC LTD., which is a leading power generating sector in Odisha.

In my report, I have given brief description about OHPC LTD. Basically the present status and position as well as functioning and the activities of OHPC LTD. BHUBANESWAR. Then I have given its structure of organization. Next, I have given daily perception prepared during my internship period and at the end I have submitted conclusion and suggestions where about in the activities of the organization.



CANDIDATE DECLARATION

I **PRANGYASMITA PANDA** student of BIITM, Bhubaneswar hereby declare that the project entitled **“FINANCIAL STATEMENT ANALYSIS OF ODISHA HYDRO POWER CORPORATION LTD.**” is a bona fide record submitted in a partial fulfilment of the Degree of MBA is an original work of my effort under the guidance of **Mr. Lokanath Mohanty, Manager (Finance) OHPC LTD.** and **Mrs. Tapaswini Nayak, Faculty (MBA), BIITM, BHUBANESWAR.** The project is designed and created by me and not copied from any other matter or presented work what so ever. All work indulged in the completion of this project such as research, analysis of activities of an organization is true and justified to the best of my knowledge.

Date:

Place:

PRANGYASMITA PANDA
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BIITM, BHUBANESWAR



CERTIFICATE

This is to certify that the project report entitled “**FINANCIAL STATEMENT ANALYSIS OF ODISHA HYDRO POWER CORPORATION LTD.**” being submitted by **PRANGYASMITA PANDA** in a partial fulfilment for the award of the Degree of MBA in Finance to BIITM, Bhubaneswar is a record of bona fide work carried out by him under my guidance and supervision. The result embodied in this project has not been submitted to any other University or Institute for the award of any degree or diploma.

Date:
Place:

Mrs. Tapaswini Nayak
(FACULTY OF MBA DEPARTMENT)
BIITM, BHUBANESWAR

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CHAPTER:1

SELF-INTRODUCTION

I Prangyasmita Panda a final year student of 2 years MBA continuing in BIITM, Bhubaneswar having Finance specialization doing my project work in the area of accounting and finance entitled “financial statement analysis” at OHPC Bhubaneswar. It is necessary for successful completion of MBA programme in Department of MBA.

TOPIC INTRODUCTION

Financial statements are records that can provide indications of the financial health of a company. Accurate financial records are necessary to keep track of financial warning signals such as inordinately high expenses, high levels of debt or a poor record of collecting bills. Public companies often have specific procedures for gathering, verifying and reporting financial information. Recent corporate scandals have placed greater scrutiny on the managers and corporate officers of publicly held firms. Privately held firms are not held to the same standard but often adhere to strict guidelines in order to increase the value of the firm and viability in case of sale.

Keywords Accounting; Accounting Methods; Accounts Payable; Accounts Receivable; Assets; Balance Sheet; Cash Flow; Cash Flow Statement; Current Assets; Current Liabilities; Fixed Costs; Liabilities.

➤ **Finance: Financial Statement Analysis:**

Financial statements are reports that show the financial position of a company. Recordkeeping is important in order to understand a company's value and to comply with various regulations and tax requirements. Accurate records allow companies to account for how money was spent and handled, what assets are owned and what debts are owed.

Businesses differ in how they are valued depending on whether they are public or private firms. Information about public companies is available, especially to shareholders, while it is difficult to get audited and financially sound information about the financial workings of a private company. calls the value of a business the "free cash flow" that has various adjusted risk elements deducted from it. Private companies don't provide information on their cash flow and have greater opportunities to engage in financial benefits not available to public companies, such as:

- Above-market salaries for family members.

- Mixing of personal and business funds.
- Exaggeration of business expenses to reduce taxes.

Other concerns regarding a business' value can depend on what a buyer sees in the business. If the business represents a strategic purchase, a higher price might be garnered even for an over-valued private business. If a buyer is a minority buyer, they may want to pay less due to the minimal amount of control they can exert on the business.

➤ **PURPOSE OF FINANCIAL STATEMENTS**

"The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions. Financial statements may be used by users for different purposes:

- **Owners and managers** require financial statements to make important business decisions that affect its continued operations. Financial analysis is then performed on these statements to provide management with a more detailed understanding of the figures. These statements are also used as part of management's annual report to the stockholders.
- **Employees** also need these reports in making collective bargaining agreements (CBA) with the management, in the case of labor unions or for individuals in discussing their compensation, promotion and rankings.
- **Prospective investors** make use of financial statements to assess the viability of investing in a business. Financial analyses are often used by investors and are prepared by professionals (financial analysts), thus providing them with the basis for making investment decisions.
- **Financial institutions** (banks and other lending companies) use them to decide whether to grant a company with fresh working capital or extend debt securities (such as a long-term bank loan or debentures) to finance expansion and other significant expenditures.
- **Government entities** (tax authorities) need financial statements to ascertain the propriety and accuracy of taxes and other duties declared and paid by a company.
- **Vendors** who extend credit to a business require financial statements to assess the creditworthiness of the business.
- **Media and the general public** are also interested in financial statements for a variety of reasons.

➤ **TYPES OF FINANCIAL STATEMENT ANALYSIS**

- Intra firm comparison
- Inter firm comparison
- Industry average or standard analysis
- Horizontal analysis

- Vertical analysis

➤ **ON THE BASIC OF MATERIAL USED**

- External analysis – this analysis done by outsiders who do not have access to the internal account of business firm.
- Internal analysis – this analysis done by person who have access to internal account of business firm.

➤ **OBJECTIVES OF THE FINANCIAL STATEMENT ANALYSIS**

- Assessment of the past performance
- Assessment of the current position
- Prediction of profitability and growth prospects
- Prediction of the bankruptcy
- Assessment of the operational efficiency

➤ **NATURE OF FINANCIAL STATEMENT ANALYSIS**

- Recorded facts
- Accounting concepts and conventions & principles
- Personal judgement

➤ **ESSENTIAL QUALITIES OF FINANCAL STATEMENT ANALYSIS**

- Relevance
- Understandability
- Reliability and accuracy
- Comparability
- Completeness
- Timeliness

➤ **TOOLS OF FINANCIAL STATEMENT STATEMENT ANALYSIS**

- Comparative statement
- Common size statement
- Trend analysis
- Ratio analysis
- Fund flow statement
- Cash flow statement

➤ **LIMITATION OF FINANCIAL STATEMENT ANALYSIS**

- Financial analysis is only a means
- Ignores the price level changes
- Financial statement are essential interim reports
- Accounting concepts and conventions
- Influences of personal judgements

- Disclose only monetary facts

WHY I JOIN OHPC

I JOIN OHPC BECAUSE OF: -

Hydro Power generation is a major source power and constitutes about 24.80% of the total capacity of the nation. Since independence in the year 1947 the installed power generation capacity has grown over sixty folds.

Despite the growth in generation capacity in the country the 1990s saw Indian economy in the midst of power shortages. Orissa is the first to start with the power sector reforms with active financial assistance from World Bank. The reform act was passed by the state legislature in January, 1996 and the OSEB was segmented into entities, Orissa Hydro Power Corporation limited and GRIDCO.

The turn over as well as the cash profit of OHPC has increased every year from the year of commissioning except for the year 2002-03 where the sales as well as the profit has decreased due to hydrology failure i.e. monsoon failure.

Purpose of the study

The main purpose behind the study is to know how finance and accounting is working in OHPC.

The study is conducted for the fulfillment of 2 years integrated MBA program.

Objective of the study:

The study is conducted with the following objectives:

- To examine the kind of finance and accounting programs followed in the organization.
- To analyze techniques in the process of finance and accounting
- To elicit the opinions of the management and employees about the finance and accounting.
- To identify the improvements before and after finance and accounting.
- To make a brief review of finance and accounting functions of OHPC

IMPORTANCE OF THE STUDY:

The present study can be considered very important. Because of its academic and professional importance.

Academic Importance:

Only few empirical studies are made on the subjects in Indian background so the researcher is interested to know more about the subject.

Professional Importance:

The researcher being a student of Integrated MBA requires some practical training combined with classroom theoretical teaching and to submit a dissertation for that the researcher performed this study on the topic

ORGANISATIONAL PROFILE



ABOUT THE ORGANISATION

(ODISHA HYDRO POWER CORPORATION LTD.)

Odisha is one of the very first state in India to pioneer major power sector reforms. With a view to improve the functioning of State Electricity, Odisha Reforms Act, 1995 was enacted giving birth to Orissa Hydro Power Corporation Ltd. (OHPC). The Corporation started its voyage on 1st April 1995 with transfer of Hydro Power Projects from Govt. of Orissa and the OSEB to itself. The Hydro Power assets, owned and operated by the Govt. of Odisha (GoO) and the erstwhile Odisha State Electricity Board (OSEB) along with manpower were transferred to OHPC Ltd. W.e.f. 1st April, 1996. The corporate Office of OHPC is located at Bhubaneswar, Odisha and its Hydro Electric Projects are situated at six different locations spread across the State (Burla, Chiplima, Balimela, Rengali, Mukhiguda, Upper Kolab). Our Liaison Office is located at New Delhi.

Through the 28 years of successful hydro power generation, OHPC has ventured into and accomplished a host of new development, plus RM & U projects resulting in a total installed capacity of 2099.8 MW including 50% share in Machhkund Hydro Electric Project, a joint project of Govt. of Andhra Pradesh and Govt. of Odisha. Apart from producing clean & green energy for the state, with visionary and efficient management OHPC is also among discipline under ABT regime of Eastern Regional Grid by providing the peak time support to the power system. Imperative to say, OHPC has played the major role in the success story of Odisha Power Sector Reform.

VISION

To be a leading power utility in the energy sector through diversified energy portfolio with due care & concern to the environment.

MISSION

- To develop water resources in the State and elsewhere in the Country while augmenting hydro power generating capacity by setting up new hydro power projects.
- To adopt state of the art technology for upgradation of the existing hydro power station to achieve the highest level of efficiency.
- To establish & operate thermal power plants either through joint ventures or by itself and also explore the opportunities to develop renewable energy resources viz. – small hydro, wind, solar by a 100% subsidiary company or by itself.
- To develop & operate coal mines allocated jointly in favor of OHPC and other public sector undertakings by the Ministry of Coal, Govt. of India.
- To improve productivity through effective planning and implementation of ERP system with development of robust and concurrent IT infrastructure.
- To professionalize the work-force in line with the modern management/ technical know-how.

OBJECTIVE

- Acquire, establish, construct and operate hydroelectric generating stations, thermal and nuclear electric generating stations and any other electric generating stations based on any non-conventional sources of energy.
- Manufacturing, Trading and Co-ordination.
- Investigate and prepare project reports.
- Own, acquire, operate and carry on the business of coal mining etc.

POWER GENERATION

From capacity of 1273.50 MW during transfer of assets from Govt. of Odisha and OSEB, OHPC at present has an installed capacity of 2099.80 MW. The following projects have been commissioned under OHPC – 600MW UIHEP, Mukhiguda in 2001; RM&U of Units 1 & 2 of HHEP, Burla from 75 MW to 99 MW in 1998, RM & U of Units 3&4 of HHEP, Burla from 48 MW to 64 MW in 2006 resulting in capacity addition of 640 MW and installation of two new units (7 & 8) at BHEP, Balimela (150 MW) in December, 2008 & January, 2009 respectively. The total capacity augmentation under OHPC is 790 MW.

FINANCIAL PERFORMANCE

OHPC has been consistently making profit since inception. During FY 2022-23, OHPC has made PBT Rs. 461.61 Cr & PAT Rs 399.69Cr. The Corporation is one of the few State Government Undertakings having its Accounts being audited consistently within the due time without default & paying dividend regularly to Govt. of Odisha.

HUMAN RESOURCES

OHPC believes in people centric approach and always thrust on several development of its employees as they are considered great asset of the organization. The Corporation has more than 1200 competent human resources in different categories and they are relentlessly contributing their best to keep the glory of being considered as a Gold rated State PSU of Odisha. OHPC has set a benchmark in the State of Odisha in a prompt disposal of RTI application under the RTI Act and also rated as outstanding PSU for timely redressal of employee grievance through e-grievance portal of Govt. of Odisha.

OHPC Training Centre is located in the sprawling surroundings of Export Promotion Industrial Park, Chandaka, Bhubaneswar. The center provides an ideal environment for the training to personnel in the field of Technical, Finance, HR, and other discipline. It has well equipped laboratories and workshop with modern methodologies. OHPC has been successfully imparting the required target of

Monday's training to the employees as per the mandate of MOU signed between OHPC & Department of Energy, Govt. of Odisha.

A Five Story Training Hostel Building of OHPC was inaugurated by Hon'ble Cabinet Minister Energy, on 24.04.2023. The newly constructed complex has been built over a plinth Area of 3662 sq. ft. adjacent to OHPC Training Centre, Patia and consists of Single bedded room, 12 nos. of double- bedded rooms, Conference room, Modern Classroom, Cafeteria, Multi-Utility Halls and many other facilities.

CORPORATE SOCIAL RESPONSIBILITY

Since its inception, OHPC has been contributing every inch of its success towards the growth and development Of Odisha. OHPC has Its own new CSR Policy in line with the provisions of the Companies Act, 2013. The organization has been carrying out a number of CSR activities in the field of Rural development, Education, Livelihood, Healthcare, Infrastructure development, preservation of the State's ancient culture and tradition and creating a socio- economic balance in the remote areas. It has been OHPC's constant endeavor to enrich and empower the lives of the project affected families and peripheral areas. In some recent CSR activities, OHPC has supported for Procurement of LMV's by DTET for training purpose installation of Street Lights in Rengali village area. Purchase of ambulance/ Dead Body Carriage Vehicle in Malkangiri, Drinking water facility in Hospitals, provision of boat ambulance, medical coaching for economically weaker section of the society. Solar lighting at Golamunda & Junagarh, Financial Assistance to COVID Hospitals in Balasore and Gajapati District, development of Biju Patnaik Stadium at Junagarh, Kalahandi, Parks at Jaipatna & Mukhiguda, etc.

THE SUCCESS STORY

- OHPC contributes approximately 25% of green power to Odisha grid during peak hours.
- OHPC has been consistently paying dividend to the Government of Odisha.
- OHPC has been rated as the Gold Rated Category State PSU by the government of Odisha.
- Conferred with ISO 45001:2018, 9001:2015 and 14001:2015 Certification.
- OHPC Power Stations have achieved PAFM of 88.59% against target of 84.11%.
- OHPC has been conferred with the prestigious Kalinga CSR Award for the years 2022.
- Received 'Excellent' rating from Department of Public Enterprises based on its achievements as per the MoU target set by the DoE, Government of Odisha.

RENOVATION AND FUTURE PLANS

- After completion of R&M work of unit 1 & 2, Balimela HEP, unit no.3&4 of Balimela Power House were handed over to BHEL for taking up the R&M work of the said unit during August 2022.

- As of now the R&M activities of both Unit-3&4 of Balimela HEP are in their final stage. Boxing up of Unit 4 have already been completed. Stator and Rotor assembly of Unit-3 have also been completed. Unit-4 trial spinning completed.
- Unit-3&4 BHEP are expected to get synchronised to the grid soon.

EXPENSION AND FUTURE PLANS

OHPC has planned for development of Pumped Storage Power Station (PSPS) at Balimela Hydro Electric Project, Upper Kolab Hydro Electric Project & Upper Indravati Hydro Electric Project. The DPR preparation work of following Projects are in progress through WAPCOS:

- Upper Indravati PSP (600 MW) is proposed near the existing UIHEP.
- Upper Kolab PSP (320 MW) is proposed near the existing UKHEP.
- Balimela PSP (500 MW) is proposed near the existing BHEP.
- OHPC has planned to develop 09 (nine) offstream closed loop pumped storage project of capacity 10750 MW in the State of Odisha. The preparation of PFR is under process.
- OHPC has planned to develop 63 MW Kharag HEP at Kandhamal district. The DPR has been prepared.

SUBSIDIARY/ JV/ ASSOCIATE COMPANY

GEDCOL

GEDCOL is a wholly owned subsidiary company of OHPC. GEDCOL had commissioned 28 MW Ground Mounted Solar PV Project at different districts of Odisha and 4 MW Grid connected Rooftop Solar Project in 65 nos. of Govt. buildings of Bhubaneswar & Cuttack under PPP mode.

| SL No. | LOCATION | CAPACITY (in MW) |
|--------|--|------------------|
| 01 | Ground Mounted Solar PV Project at Manmunda in Boudh District | 20 |
| 02 | Ground Mounted Solar PV Project at Manmunda in Boudh District | 02 |
| 03 | Ground Mounted Solar PV Project at Mukhiguda in Kalahandi District | 01 |
| 04 | Ground Mounted Solar PV Project at New Bolangir Grid S/s, OPTCL in Balangir District | 02 |
| 05 | Ground Mounted Solar PV Project at Baripada Grid S/s, OPTCL in Mayurbhanj District | 01 |
| 06 | Ground Mounted Solar PV Project at Jayanagar Grid S/s, OPTCL in Koraput District | 02 |

- ❖ For implementation of 10 MW Ground Mounted PVSP at Chiplima, LOI issued and contract agreement has signed with M/s BVG India Ltd. on 17.11.2023. Tender is under evaluation for implementation of 300 MW Floating Solar Project in Rengali Reservoir under IV with NHPC.
- ❖ Construction work has started for development of 10 MW Mandira SHEP at Mandira in Sundergarh district by GSPCL (JV between GEDCOL & SAIL).
- ❖ DPR preparation for development of 1x1.2MW Telengiri Dam Toe Small Hydro Electric Project in Koraput District is under process.
- ❖ DPR for 500 MW Floating Solar Project in Hirakud Reservoir and 160 MW Floating Solar Project in Indravati Reservoir has been prepared.

GSPCL

GEDCOL SAIL Power Corporation Limited (GSPCL) is a JV Company of GEDCOL and SAIL, with an equity participation of 74:26 and incorporated with an objective to execute 10 MW Mandira SHEP at Rourkela. As per the JV Agreement between GEDCOL & SAIL, SAIL shall fully utilize the generated energy from this power plant for its captive use. The project is being implemented in EPC mode and presently the Project Execution Work has been started.

OTPCL

Odisha Thermal Power Corporation Limited (OTPCL) was established on 29.01.2007 as a JV company by Odisha Mining Corporation Limited (OMC) and OHPC on contribution of equity capital on equal sharing basis. As per the decision taken at Govt. level, the Project Law will be transferred to IDCO.

IMPORTANT PROJECTS OF ODISHA HYDRO POWER CORPORATION LTD.

❖ HIRAKUD HYDRO ELECTRIC PROJECT:



➤ **Overview:**

Hirakud Dam, built across the Mahanadi River, is one of India's oldest multipurpose river valley projects. Constructed primarily for flood control, irrigation, and power generation, it was inaugurated in 1957 by Pandit Jawaharlal Nehru. The dam spans 4.8 km between Laxmidungri and Chandli-dungri

hills and includes 21 km of earthen dykes. At full reservoir level, it forms Asia's largest artificial lake, with a reservoir spread of 743 sq. km. The dam intercepts 83,400 sq. km of the Mahanadi catchment area.

➤ **Irrigation and Power Generation:**

The project provides irrigation for Kharif and Rabi crops across several districts, benefiting over half a million hectares. Power generation occurs through two powerhouses: Burla (PH-I) and Chiplitima (PH-II), with a combined capacity of 359.8 MW. The powerhouses feature multiple generating units completed in stages starting from 1956, enhancing the region's agricultural productivity and contributing significantly to flood protection in downstream areas.

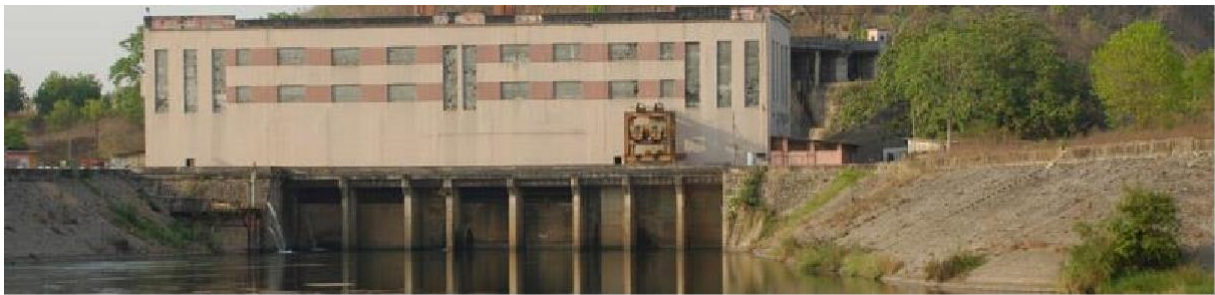
➤ **Historical Significance:**

Proposed after the 1937 floods by M. Visveswaraya, the project's detailed plan was initiated by Dr. A. N. Khosla. Its completion in 1957 marked a milestone in India's post-independence development efforts, showcasing the country's capabilities in large-scale infrastructure projects.

➤ **Cost and Engineering Feats:**

The project cost Rs. 100.02 crores upon completion in 1957, and it includes a composite structure of earth, concrete, and masonry. Notably, the dam was once the world's longest earth dam at 25.8 km. It operates with sophisticated hydraulic gates and a power channel spanning 26.72 km to carry water between Burla and Chiplitima powerhouses.

❖ **CHIPILIMA HYDRO ELECTRIC PROJECT:**



➤ **Overview:**

Chiplitima Hydro Electric Project, part of the Hirakud Dam complex, serves flood control, irrigation, and power generation purposes. The Hirakud Dam spans 4.8 km across the Mahanadi River, with 21 km of earthen dykes, forming Asia's largest artificial lake. It intercepts 83,400 sq km of catchment area.

➤ **Power Generation:**

Chiplitima contributes 72 MW through three units. Water is channeled 26.72 km from Burla Power House, optimizing power transmission.

➤ **Project Stages:**

- Stage I: Initiated dam construction and canal systems, installing four units (123 MW) at Burla.
- Stage II: Expanded Burla and Chiplima power generation with additional units (75 MW and 72 MW respectively).
- Stage III: Completed with the 7th unit (37.5 MW) at Burla.

➤ **Restructuring:**

Since July 1, 2009, Chiplima operates independently as Chiplima Hydro Electric Project, distinct from Burla under Hirakud Dam, reflecting its integral role in regional energy and water management.

❖ **RENGALI HYDRO ELECTRIC PROJECT**



Rengali Hydro Electric Project Overview:

Total Capacity: 250 MW

Name of the Dam: Rengali Dam

Type of Dam: Gravity Masonry

Height of Dam: 70.5 meters

Length of Dam: 1040 meters

Catchment Area: 25,250 sq. km

Average Annual Inflow: 14900 million cubic meters

Location: 80 km from Angul, Odisha

Number of Units: 5

➤ **Overview:**

Rengali Multipurpose Project in Odisha utilizes the Brahmani River's water for power generation and flood control in low-lying areas of the river valley. The dam and power station are situated near Rengali village, 65 km upstream from Talcher Town.

➤ **Project Features:**

The masonry-cum-concrete Rengali Dam spans 1,040 meters and includes 51 construction blocks. Central spillway blocks feature radial gates and a spillway bridge. Power dam blocks house 6-meter diameter penstock pipes. The reservoir, formed at M.W.L. of 125.4 meters, covers 414 sq. km.

➤ **Power Generation:**

The power house downstream houses five units, each with 50 MW generators using axial flow Kaplan turbines. Designed for a head of 40 meters, these turbines operate at 166.7 rpm.

➤ **Completion:**

Main dam construction was concluded in 1985.

➤ **Benefits:**

- Flood protection for 2,600 sq. km area
- Benefits 1.08 million people
- Irrigates 270,000 hectares

❖ **BALIMELA HYDRO ELECTRIC PROJECT**



Balimela Hydro Electric Project Overview:

Dam Name: Balimela

Dam Type: Earth fill Gravity

Dam Height: 70 meters

Dam Length: 1823 meters

Catchment Area: 4910 sq. km.

Average Annual Inflow: 5198.5 Million Cubic Meters (MCM)

Location: 35 km from Malkangiri

Number of Units: 8

Total Capacity: 510 MW

➤ **Project Overview**

The Balimela Power Project, located 35 km from Malkangiri, is the second phase of the Machkund-Sileru River development, complementing the Machkund Project. Jointly undertaken by Odisha and Andhra Pradesh, it features the Balimela Dam at Chitrakonda, originally estimated at 24 Crore rupees in 1962, subsequently revised to 46.30 Crore rupees in 1972 and 52.14 Crore rupees in 1975 due to rising costs and construction challenges.

➤ **Project Components**

Focused on power generation from the Balimela Reservoir, the project's electrical portion valued at Rs. 17.0956 Crores includes critical equipment supplied by M/s. Energomachexport of U.S.S.R. Management transitioned from the Odisha State Electricity Board in 1979 to Odisha Hydro Power Corporation Limited, Bhubaneswar.

➤ **Operational Details**

Construction commenced in 1970-71, delayed by civil works. With a firm power of 135 MW, the station generates an estimated 1183 Million Units annually, with 1177 MU available for sale under normal monsoon conditions, subject to reservoir and monsoon variations.

➤ **Infrastructure**

Water from Balimela Reservoir travels through a 4 km pressure tunnel to a Surge Shaft (20 meters diameter, 79 meters high), feeding four steel penstocks (3.7 meters diameter, 183 meters long each) to the Butterfly Valve House. Here, eight 2.6 meters diameter butterfly valves regulate water flow to eight generating units. The project expanded from six units of 60 MW each to eight units, including two 75 MW units.

➤ **Impact**

A barrage at Surlikonda diverts Balimela Power House discharge via the Tamasha Main Canal and Gompakonda Main Canal, supporting irrigation in Malkangiri district and improving local living standards. This project exemplifies effective state collaboration in developing hydroelectric and irrigation infrastructure, pivotal for regional economic growth and community welfare.

❖ **UPPER KOLAB HYDRO ELECTRIC PROJECT**



Upper Kolab Hydro Electric Project Overview:

Dam Name: Kolab Dam

Dam Type: Straight Masonry Gravity

Dam Height: 54.50 meters

Dam Length: 630.5 meters

Catchment Area: 1630 sq. km.

Average Annual Inflow: 1803 Million Cubic Meters (M cum)

Location: 5 km from Jeypore, Koraput district, Odisha

Number of Units: 4

Total Capacity: 320 MW

➤ **Overview**

Upper Kolab Hydro Electric Project, located in Koraput district, Odisha, was initiated by the Irrigation and Power Department of the Odisha government in 1976 at an estimated cost of Rs. 74.63 Crores. This multipurpose project harnesses the water potential of the Kolab River, a tributary of the Godavari, for several beneficial purposes.

➤ **The project was executed in two stages:**

- Stage-I: Completed major works by 1993, including the installation and commissioning of three 80 MW hydro generators, a 220 KV switchyard, water conductor systems, and reservoir construction.
- Stage-II: Focuses on the installation and commissioning of Unit IV.

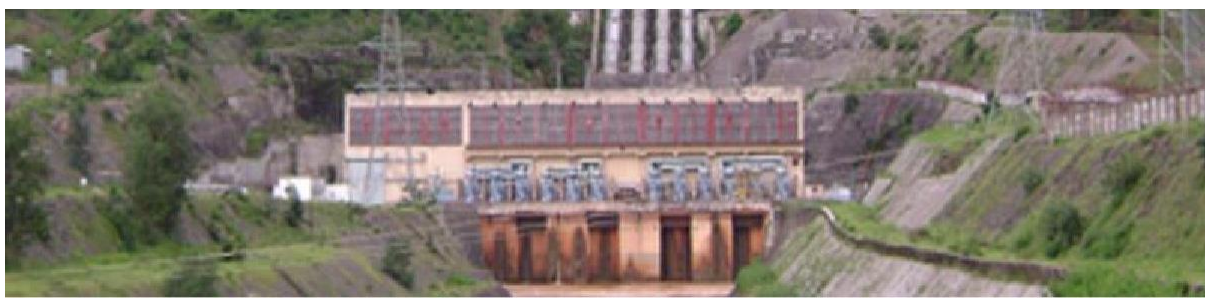
➤ **Key Project Features:**

- Power Generation: Capable of generating 95 MW of firm power, producing approximately 832.2 million units annually, supplied to the general grid at Jeypore sub-station.
- Irrigation: Provides irrigation to 47,985 hectares of Command Area in Jeypore, Boriguma, and Kotpad tahsils. Future plans include extending irrigation to higher contours via the Jeypore main canal.
- Drinking Water: Supplies Damonjodi, Koraput, Sunabeda, and Jeypore towns from Satiguda Pond managed by the State Public Health Engineering Organization.
- Other Benefits: The reservoir supports pisciculture and offers recreational facilities over its expansive water spread area of 114 sq. km. Its proximity to national highways and railheads also boosts tourism.

Constructional activities continued until 1985-86, employing a significant local workforce and providing ample employment opportunities, particularly for unskilled laborers.

The Upper Kolab project aims to transform the region by enhancing agricultural productivity through continuous irrigation and fostering industrial growth, thereby paving the way for prosperity and well-being for future generations.

❖ **INDRAVATI HYDRO ELECTRIC PROJECT**



Indravati Hydro Electric Project Overview:

Dam Name: Indravati Dam

Dam Type: Monsunary Gravity

Dam Height: 45 meters

Dam Length: 539 meters

Catchment Area: 2630 sq. km.

Average Annual Inflow: 27070 Million Cubic Meters (M cum)

Location: 90 km from Bhawanipatana, Kalahandi district, Odisha

Number of Units: 4

Total Capacity: 600 MW

➤ **Project overview**

The Upper Indravati Hydro Electric Project aims to divert water from the Indravati River for power generation and irrigation in Odisha. It involves constructing 4 dams, 8 dykes, and inter-linking channels to form a reservoir with a live capacity of 1435.5 million cubic meters. Key features include a 4.32 km tunnel, a power house with 4 units of 150 MW each, and infrastructure for irrigation. Despite challenges like a tunnel tragedy and funding issues, the project was completed by 2001. It's a significant source of economic power (64.96 paisa per kWh) and supports irrigation for over 100,000 hectares, benefiting drought-prone areas in Odisha.

❖ **MACHKUND HYDRO ELECTRIC PROJECT**



➤ **Overview**

Machkund is a 120MW hydro power project. It is located on Machkund river/basin in Odisha, India. According to Global Data, who tracks and profiles over 170,000 power plants worldwide, the project is currently active. It has been developed in a single phase. The project construction commenced in 1948 and subsequently entered into commercial operation in 1955.

➤ **Description**

- The project is currently owned by Government Of Andhra Pradesh with a stake of 50% and Government of Odisha.
The net head of the project is 255.2m. The project generated 575 GWh of electricity.

➤ **Development status**

The project construction commenced in 1948 and subsequently entered into commercial operation in 1955.

CHAPTER:3

➤ **INTRODUCTION:**

Financial statements are records that can provide indications of the financial health of a company. Accurate financial records are necessary to keep track of financial warning signals such as inordinately high expenses, high levels of debt or a poor record of collecting bills. Public companies often have specific procedures for gathering, verifying and reporting financial information. Recent corporate scandals have placed greater scrutiny on the managers and corporate officers of publicly held firms. Privately held firms are not held to the same standard but often adhere to strict guidelines in order to increase the value of the firm and viability in case of sale.

Keywords Accounting; Accounting Methods; Accounts Payable; Accounts Receivable; Assets; Balance Sheet; Cash Flow; Cash Flow Statement; Current Assets; Current Liabilities; Fixed Costs; Liabilities.

➤ **FINANCE: FINANCIAL STATEMENT ANALYSIS:**

Financial statements are reports that show the financial position of a company. Recordkeeping is important in order to understand a company's value and to comply with various regulations and tax requirements. Accurate records allow companies to account for how money was spent and handled, what assets are owned and what debts are owed.

Businesses differ in how they are valued depending on whether they are public or private firms. Information about public companies is available, especially to shareholders, while it is difficult to get audited and financially sound information about the financial workings of a private company. calls the value of a business the "free cash flow" that has various adjusted risk elements deducted from it. Private companies don't provide information on their cash flow and have greater opportunities to engage in financial benefits not available to public companies, such as:

- Above-market salaries for family members.
- Mixing of personal and business funds.
- Exaggeration of business expenses to reduce taxes.

Other concerns regarding a business' value can depend on what a buyer sees in the business. If the business represents a strategic purchase, a higher price might be garnered even for an over-valued private business. If a buyer is a minority buyer, they may want to pay less due to the minimal amount of control they can exert on the business.

➤ **PURPOSE OF FINANCIAL STATEMENTS**

“The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions”. Financial statements may be used by users for different purposes:

- **Owners and managers** require financial statements to make important business decisions that affect its continued operations. Financial analysis is then performed on these statements to provide management with a more detailed understanding of the figures. These statements are also used as part of management’s annual report to the stockholders.
- **Employees** also need these reports in making collective bargaining agreements (CBA) with the management, in the case of labour unions or for individuals in discussing their compensation, promotion and rankings.
- **Prospective investors** make use of financial statements to assess the viability of investing in a business. Financial analyses are often used by investors and are prepared by professionals (financial analysts), thus providing them with the basis for making investment decisions.
- **Financial institutions** (banks and other lending companies) use them to decide whether to grant a company with fresh working capital or extend debt securities (such as a long-term bank loan or debentures) to finance expansion and other significant expenditures.
- **Government entities** (tax authorities) need financial statements to ascertain the propriety and accuracy of taxes and other duties declared and paid by a company.
- **Vendors** who extend credit to a business require financial statements to assess the creditworthiness of the business.

- **Media and the general public** are also interested in financial statements for a variety of reasons.

• **TYPES OF FINANCIAL STATEMENTS:**

Basic financial statements include the balance sheet, the income statement, cash flow statement and notes to account. There are different types of reports because different types of information are needed to effectively manage a company and plan for the future. Sometimes companies use financial reporting information internally, and in some cases they are required to release this information externally. Tracy (1999) called cash the "lubricant" of business. Without cash it is difficult for a business to function and it increases the likelihood that a business may fail. But, Tracy warned that cash flows only show part of the picture and give no information about the business' profit or financial condition. Since cash flows only show part of the picture, other types of financial reports are needed.

The most common financial reports are the balance sheet and the income statement.

- The balance sheet (also called the statement of financial position) provides information about the financial condition of a company.
- The income statement (also called the earnings or profit and loss statement) shows the profitability of the business.

➤ **BALANCE SHEETS:**

The general categories on balance sheets are assets and liabilities. A publicly traded firm also includes shareholder equity. A typical balance sheet shows assets a company owns. Assets include cash, accounts receivable, inventory and any prepaid expenses. Balance sheets also record property the company owns and any depreciation on assets. The balance sheet is a two-sided report because it records assets on one side and liabilities on the other. Liabilities include accounts payable and accrued expenses, income tax owed, loans and stockholders' equity. Stockholders' or shareholders' equity is any claim that owners of company stock have against the assets that a company has. Stockholders' or shareholders'

equity is also called net worth. Stockholders' equity is found by deducting liabilities and debt from assets (Morgenson& Harvey, 2002).

➤ **INCOME STATEMENT:**

Show the profitability of a business. The income statement is for a period of one year and shows the total sales revenue for the year. Subtracted from sales revenue is the cost of goods sold or the expenses a company incurs in producing finished goods to sell. Also deducted from the revenue are expenses for operating costs and depreciation. If a company is publicly owned, its income statement must also report earnings per share (Tracy, 1999). Earnings per share is a measure of company profitability (Godin, 2001). It is calculated by dividing net income by the total shares of stock. When looking at the income statement of a company, the profitability isn't just the gross profit, it is also important to look at the ratio of expenses as a percentage of profit. If a company has high profits but also has high expenses, the company could be mismanaged.

Balance sheets are not only important to companies but also to investors. Balance sheets can tell investors whether or not a company is a good investment based on its financial condition. Financial statements are often prepared by accountants and reviewed by auditors to ensure that the records are accurate and to avoid the temptation not to report factual information or to hide financial flaws. A reason business owners may use financial professionals is to reduce the chance of error and to stay out of an area where they may not have expertise. O'Bannon (2005) cautioned business owners against being lulled to sleep by the power of current accounting software products, which cannot replace the knowledge gained by using professional financial advice. O'Bannon felt that one of the primary benefits of the newer software is that it allows owners and financial advisors to speak the same language and lets business owners provide easy to use documentation to their accountant. Accountants and other financial advisors can use software to quickly perform somewhat complex analysis and generate reports for their clients.

Wrote that small businesses operating in the 2010s have "more accounting software options than ever, including Web-based subscriptions." For those businesses with large inventories or client databases, however, or those that choose not to entrust data to the cloud, such desktop tools as Acclivity Account Edge Pro 2012, Intuit QuickBooks 2013, and Sage 50 Complete Accounting 2013 are good options.

➤ **ANALYZING BALANCE SHEET:**

Analyzing balance sheets and income statements requires more than simply reading the categories of figures. The numbers have to be read with an eye towards what they mean and what they might mean in combination. Scott (2005, p. 108) stated that financial statement analysis means interpreting the data "in a meaningful way" instead of looking at "past results." This can mean looking at the company's management strategy, the way the business is operated and the plans the business has for the future. Scott suggested asking the following questions to get close to figuring out how internal factors, especially management, influence financial statement content:

- How is the company distinguishing itself from the competition?
- How does it compete? E.g., on price, quality, responsiveness, availability?
- Is the company's strategy viable given the marketplace economy?
- Is management adapting its strategy to a changing environment?

These questions and others can provide qualitative information in addition to the quantitative numbers provided in financial statements. Using the information in aggregate can give a broader picture of the company's financial health.

➤ **RATIO ANALYSIS:**

Ratios are one method of analyzing what financial statements may mean. There are several types of ratios including liquidity and profitability ratios. Ratio analysis shows the relationship between financial information, the way it behaves over time and what risks are implied by the behavior (Morgenson& Harvey, 2002).

Liquidity ratios are a measure of how 'liquid' a company is or how well it can come up with cash or quickly converted assets that can help the company meet its financial obligations. If the ratio is high, that is a good number. An example of a liquidity ratio is to divide current assets by current liabilities. The result shows how much cash is available for the company to manage current financial requirements. A quick ratio is a liquidity ratio that eliminates slow moving inventory from current assets to give a more accurate picture of a company's liquidity. Companies can compare their liquidity to others in their industry to see how they fare among similar companies. A debt-to-equity ratio is a measure of the ability of a company to use debt to finance its operations. Profitability ratios measure the company's profit performance by comparing profits to sales. Companies that last are able to remain profitable even under unfavorable.

➤ **OBJECTIVES OF FINANCIAL STATEMENT ANALYSIS:**

1. Assessment of past performance:

Past performance is a good indicator of future performance. Investors or creditors are interested in the trend of past sales, cost of good sold, operating expenses, net income, cash flows and return on investment. These trends offer a means for judging management's past performance and are possible indicators of future performance.

2. Assessment of current position:

Financial statement analysis shows the current position of the firm in terms of the types of assets owned by a business firm and the different liabilities due against the enterprise.

3. Prediction of profitability and growth prospects:

Financial statement analysis helps in assessing and predicting the earning prospects and growth rates in earning which are used by investors while comparing investment alternatives and other users in judging earning potential of business enterprise.

4. Prediction of bankruptcy and failure:

Financial statement analysis is an important tool in assessing and predicting bankruptcy and probability of business failure.

5. Assessment of the operational efficiency:

Financial statement analysis helps to assess the operational efficiency of the management of a company. The actual performance of the firm which are revealed in the financial statements can be compared with some standards set earlier and the deviation of any between standards and actual performance can be used as the indicator of efficiency of the management.

➤ **THE IMPORTANT LIMITATIONS :**

1. Information is Incomplete and Inexact:

The financial statements are interim reports usually prepared for an accounting period. Hence, the financial information as revealed by them is neither complete nor exact.

The true financial position or ultimate gain or loss, can be known only when the business is closed down.

2. Qualitative Information is Ignored:

Financial statements depict only those items of quantitative information that are expressed in monetary terms.

But, a number of qualitative factors, such as the reputation and prestige of the management with the public, cordial industrial relations and efficiency of workers, customer satisfaction, competitive strength, etc., which cannot be expressed in monetary terms, are not depicted by the financial statements.

However, these factors are essential for understanding the real financial condition and the operating results of the business.

3. Financial Statements Mainly Show Historical Information:

As the financial statements are compiled on the basis of historical costs, they fail to take into account such factors as the decrease in money value or increase in the price level changes. Since these statements deal with past data only, they are of little value in decision-making.

4. Financial Statements are Based on Accounting Concepts and Conventions.

Accounting concepts and conventions used the preparation of financial statements make them unrealistic.

For example, the income statement prepared on the basis of the convention of conservatism fails to disclose the true income, for it includes probable losses and ignores probable income.

Similarly, the value of fixed asset is shown in the balance sheet on the 'going concern concept'. This means that the value of the asset rarely represents the amount of cash, which would be realized on liquidation.

5. Personal Judgment Influence Financial Statements:

Many items in the financial statements are left to the personal judgment of the accountant. For example, the method of inventory valuation, the method of depreciation the treatment of deferred revenue expenditure, etc., depend on the personal judgment of the accountant.

If it goes wrong, the real picture may be distorted. However, such indiscreet personal judgments are controlled to a certain extent by the convention of conservatism.

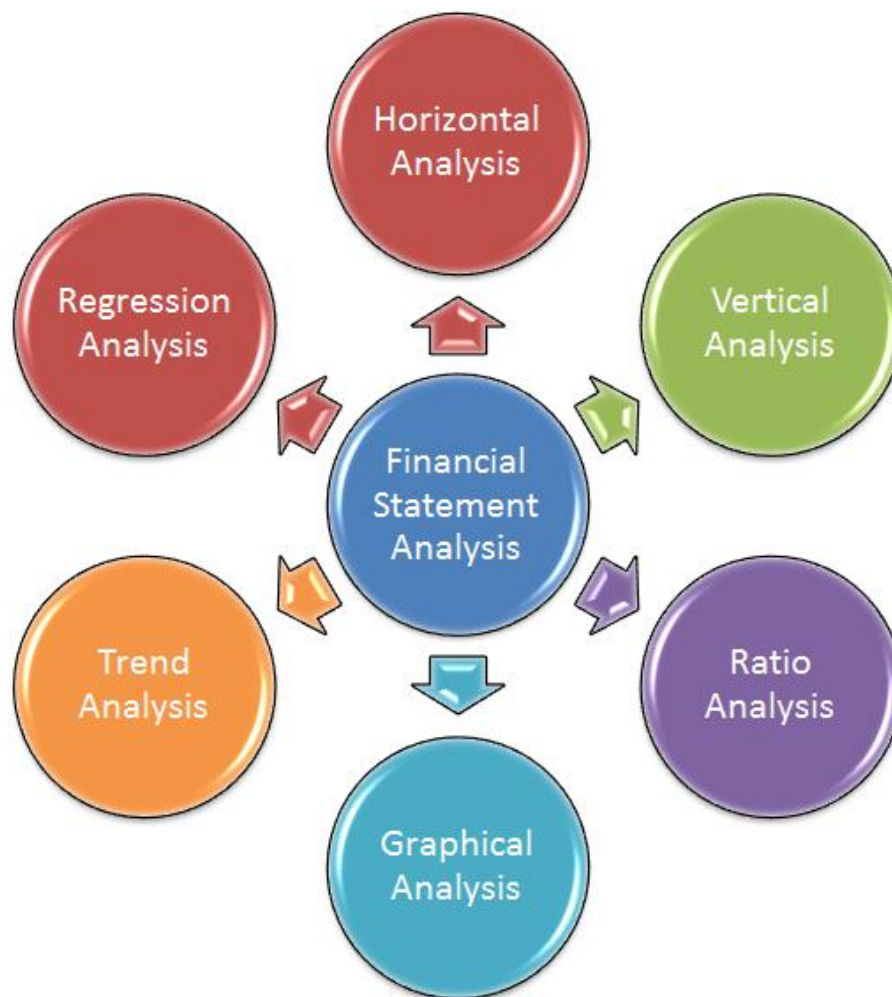
➤ TOOLS AND TECHNIQUES OF FINANCIAL STATEMENT ANALYSIS

The previous article in the Financial Statement Analysis Series gave an introduction to the financial analysis and mentioned the various statements for analysis and the various users who would be interested in the same. In this article, we will take a look at the various tools and techniques used for doing the analysis. The articles to follow will focus on an elaborate discussion of the various financial statements and will further take up each tool and technique separately and explain them in detail as well.

Financial Statement Analysis is done in different ways using various tools and techniques. As discussed in the previous article, there are different users

of financial analysis and they may be interested in some tools and techniques and uninterested in the others.

The various tools and techniques available for financial statement are mentioned below.



1.Comparative Financial Statement Analysis (Horizontal Analysis):

As the name suggests, comparative analysis provides a year-on-year review of the various financial statements. For example, in the Income Statement, the Sales figure may be compared over a period of consecutive years to understand how the sales figures have grown (or declined) over the year. It should be noted that horizontal analysis compares the internal performance of the company. Below is an example of a Comparative Income Statement.

2. Common-size Financial Statement Analysis (Vertical Analysis):

Vertical analysis is applicable for internal performance review as well as for comparison to peers and bench-marking. In vertical analysis all the items in a particular statement are represented as a percentage of a particular item. For example, Operating Expenses, Depreciation, Amortization, Profit before tax, Tax, Profit after tax, etc. may be represented as a percentage of Sales in the Income Statement. Common standard base can easily reveal the internal make-up of financial statements and any proportionate increase and decrease of the same.

Vertical analysis is also put to use for comparison across companies as financial statements are converted to common-size format, which can then be used to compare with competitor or industry averages, highlighting key differences which can then be analysed.

Below is an example of a Common Size Income Statement. Values are expressed as %age of Revenue.

3. Ratio Analysis:

Ratio analysis is the most widely used tool of financial statement analysis. A ratio gives relationship between two numbers, in this case items in the financial statements. Ratios are popular because they readily allow internal evaluation as well as comparison across firms. The ratios are categorized according to activities or functions they perform or the information they provide. For example, profitability ratios measure the profit-making capability of the company.

4. Graphical Analysis:

Graphs provide visual representation of the performance that can be easily compared over time. The graphs may be line graphs, column graphs or pie charts.

5.Trend Analysis:

Trend analysis is used to reveal the trend of items with the passage of time and is generally used as a statistical tool. Trend analysis is used in conjunction with ratio analysis, horizontal and vertical analysis to spot a particular trend, explore the causes of the same and if required prepare future projections.

6.Regression Analysis:

Regression analysis is a statistical tool used to establish and estimate relationship among variables. Generally, the dependent variable is related to one or more independent variables. In case of financial statement analysis, the dependent variable may be, say, sales, and it is required to estimate its relationship with the independent variable, say, a macroeconomic factor like Gross Domestic Product.

For example, in the Top-Down approach of sales forecasting, an analyst would first forecast GDP growth and then establish a relationship between GDP and industry growth rate through regression analysis. He may then estimate the future sales growth based on the industry growth. As such, regression analysis is widely used in forecasting models.

The various tools and techniques are there to enable the decision making. It should be understood that any particular technique should not be viewed in isolation. Different companies may have different accounting methods and hence, comparison with peers has to be done carefully. Moreover, a holistic use of various techniques should be done to arrive at any conclusion.

Having understood how to do financial analysis, we need to further delve into the financial statements that are used to prepare this analysis. In the next article, we will take a look at the various financial statements that are used for the purpose of Financial Statement Analysis.

CHAPTER:4

INTRODUCTION:

Meaning And Definition of financial Statement Analysis-

Financial statements are reports that show the financial position of a company. Recordkeeping is important in order to understand a company's value and to comply with various regulations and tax requirements. Accurate records allow companies to account for how money was spent and handled, what assets are owned and what debts are owed.

Businesses differ in how they are valued depending on whether they are

public or private firms. Information about public companies is available, especially to shareholders, while it is difficult to get audited and financially sound information about the financial workings of a private company. Calls the value of a business the "free cash flow" that has various adjusted risk elements deducted from it. Private companies don't provide information on their cash flow and have greater opportunities to engage in financial benefits not available to public companies, such as:

- Above-market salaries for family members.
- Mixing of personal and business funds.
- Exaggeration of business expenses to reduce taxes.

Other concerns regarding a business' value can depend on what a buyer sees in the business. If the business represents a strategic purchase, a higher price might be garnered even for an over-valued private business. If a buyer is a minority buyer, they may want to pay less due to the minimal amount of control they can exert on the business.

Financial Statement Primarily comprise three basic statements

- ✓ *The position statement of balance sheet.*
- ✓ *The income statement of profit and loss account*
- ✓ *Cash flow statement.*

These statement are used to convey to management and other interested outsiders the profitability and financial position of a firm.

Odisha Hydro Power Corporation Limited
Standalone Statement of Profit and Loss for the year ended 31st March 2022

(All amounts in Indian rupees, except share data and unless otherwise stated)

(INR IN LAKHS)

| SI No | Particulars | Note No | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|-------|---|---------|---------------------------------------|---------------------------------------|
| | | | Ind AS | Ind AS |
| I | Revenue from Operations | 28 | 45,427.49 | 51,959.71 |
| II | Other Income | 29 | 10,802.82 | 14,467.75 |
| III | Total Income (I+II) | | 56,230.31 | 66,427.46 |
| IV | Expenses : | | | |
| | Repair & Maintenance Expenses | 30 | 6,135.08 | 5,125.86 |
| | Operation Expenses | 31 | 1,957.66 | 1,913.13 |
| | Employee Benefits Expenses | 32 | 18,817.53 | 21,658.93 |
| | Administrative & General Expenses | 33 | 3,550.95 | 3,401.25 |
| | Finance Costs | 34 | 6,710.93 | 7,695.76 |
| | Depreciation and Amortization Expenses | 35 | 6,775.00 | 6,485.31 |
| | Total Expenses (IV) | | 43,947.15 | 46,280.24 |
| V | Profit before Exceptional Items & Tax (III-IV) | | 12,283.16 | 20,147.22 |
| VI | Exceptional Items | 36 | - | 3.51 |
| VII | Profit before Tax (V-VI) | | 12,283.16 | 20,143.71 |
| VIII | Tax Expenses: | | | |
| | (a) Current Tax | | 3,460.92 | 5,771.48 |
| | (b) Deferred Tax | | (63.70) | (3,691.98) |
| | Total Tax Expenses | | 3,397.22 | 2,079.50 |
| IX | Profit for the Year (VII - VIII) | | 8,885.94 | 18,064.21 |
| X | Other Comprehensive Income | | | |
| | (i) Items that will not be reclassified to Profit or Loss | | (2,802.44) | (2,689.86) |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | 705.32 | (178.76) |
| XI | Total Comprehensive Income for the Period (IX-X) | | 6,788.82 | 15,195.59 |
| | Earnings per Equity Share [Face Value of Rs 1000 /- each (Previous value of INR 1000 /- each)] | | | |
| | Basic and Diluted | 39 | 106.65 | 222.41 |

Odisha Hydro Power Corporation Limited
Standalone Statement of Profit and Loss for the year ended 31st March 2023

(All amounts in Indian rupees, except share data and unless otherwise stated)

(INR IN LAKHS)

| SI No | Particulars | Note No | For the year ended 31st March 2023 | For the year ended 31st March 2022 |
|-------|---|---------|---------------------------------------|---------------------------------------|
| | | | Ind AS | Ind AS |
| I | Revenue from Operations | 28 | 49,935.07 | 45,427.49 |
| II | Other Income | 29 | 18,590.58 | 10,802.82 |
| III | Total Income (I+II) | | 68,525.65 | 56,230.31 |
| IV | Expenses : | | | |
| | Repair & Maintenance Expenses | 30 | 6,926.52 | 6,135.08 |
| | Operation Expenses | 31 | 1,721.83 | 1,957.66 |
| | Employee Benefits Expenses | 32 | 18,779.86 | 18,817.53 |
| | Administrative & General Expenses | 33 | 5,578.35 | 3,550.95 |
| | Finance Costs | 34 | 6,482.42 | 6,710.93 |
| | Depreciation and Amortization Expenses | 35 | 7,716.02 | 6,775.00 |
| | Total Expenses (IV) | | 47,205.00 | 43,947.15 |
| V | Profit before Exceptional Items & Tax (III-IV) | | 21,320.65 | 12,283.16 |
| VI | Exceptional Items | 36 | (24,840.68) | - |
| VII | Profit before Tax (V-VI) | | 46,161.33 | 12,283.16 |
| VIII | Tax Expenses: | | | |
| | (a) Current Tax | | 6,548.91 | 3,460.92 |
| | (b) Deferred Tax | | (356.26) | (63.70) |
| | Total Tax Expenses | | 6,192.65 | 3,397.22 |
| IX | Profit for the Year (VII - VIII) | | 39,968.68 | 8,885.94 |
| X | Other Comprehensive Income | | | |
| | (i) Items that will not be reclassified to Profit or Loss | | (386.55) | (2,802.44) |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | 97.29 | 705.32 |
| XI | Total Comprehensive Income for the Period (IX-X) | | 39,679.42 | 6,788.82 |
| | Earnings per Equity Share [Face Value of Rs 1000 /- each (Previous value of INR 1000 /- each)] | | | |
| | Basic and Diluted | 39 | 479.71 | 106.65 |

Odisha Hydro Power Corporation Limited

Standalone Balance Sheet as at 31st March 2023

(All amounts in Indian rupees, except share data and unless otherwise stated)

(INR IN LAKHS)

| Sl No | Particulars | Note No. | As at 31st March 2023 | As at 31st March 2022 |
|-------|---|----------|--------------------------|--------------------------|
| | | | Ind AS | Ind AS |
| | ASSETS : | | | |
| (1) | Non-Current Assets | | | |
| (a) | Property, Plant & Equipment | 2 | 95,023.72 | 92,491.95 |
| (b) | Capital Work-in-Progress | 3(i) | 13,135.20 | 13,456.36 |
| (c) | Intangible Asset under Development | 3(ii) | 43.44 | 43.44 |
| (d) | Financial Assets | | | |
| | (i) Investments | 4 | 23,252.47 | 1,43,902.86 |
| | (ii) Trade Receivables | 5 | 3,472.17 | 2,168.54 |
| | (iii) Loans | 6 | 34.88 | 36.56 |
| | (iv) Others | 7 | 93,773.44 | 72,044.71 |
| (e) | Other Non - Current Assets | 8 | 2,840.54 | 2,125.10 |
| | | | 2,31,575.86 | 3,26,269.52 |
| (2) | Current Assets | | | |
| (a) | Inventories | 9 | 6,795.41 | 5,346.43 |
| (b) | Financial Assets | | | |
| | (i) Trade Receivables | 10 | 6,250.21 | 7,518.62 |
| | (ii) Cash & Cash Equivalents | 11 | 3,024.31 | 62,811.11 |
| | (iii) Bank Balance other than (ii) above | 12 | 1,89,632.38 | 49,107.22 |
| | (iv) Loans | 13 | 3,468.55 | 3,447.84 |
| | (v) Others | 14 | 18,111.39 | 14,847.19 |
| (c) | Other Current Assets | 15 | 18,982.13 | 17,100.87 |
| | | | 2,46,264.38 | 1,60,179.28 |
| | TOTAL ASSETS (1+2) | | 4,77,840.24 | 4,86,448.80 |
| | EQUITY AND LIABILITIES : | | | |
| (1) | Equity | | | |
| (a) | Equity Share Capital | 16 | 83,319.07 | 83,319.07 |
| (b) | Other Equity | 17 | 1,61,292.84 | 1,26,172.10 |
| | | | 2,44,611.91 | 2,09,491.17 |
| (2) | Liabilities | | | |
| (A) | Non-Current Liabilities : | | | |
| (a) | Financial Liabilities | | | |
| | (i) Borrowings | 18 | 86,559.90 | 89,582.90 |
| | (ii) Others | 19 | 9.06 | 8.05 |
| (b) | Provisions | 20 | 6,227.98 | 6,620.29 |
| (c) | Deferred Tax Liabilities (Net) | 21 | 4,217.03 | 4,670.57 |
| (d) | Other Non-Current Liabilities | 22 | 1,584.59 | 1,649.06 |
| | | | 98,598.56 | 1,02,530.87 |
| (B) | Current Liabilities | | | |
| (a) | Financial Liabilities | | | |
| | (i) Borrowings | 23 | 4,453.00 | 4,453.00 |
| | (ii) Trade Payables | | | |
| | 1.Total Outstanding dues of Micro Enterprises and Small Enterprises | | | |
| | 2.Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises. | 24 | 1,939.29 | 1,351.32 |
| | (iii) Others | 25 | 1,26,050.58 | 1,15,858.76 |
| (b) | Other Current Liabilities | 26 | 87.72 | 50,085.75 |
| (c) | Provisions | 27 | 2,099.18 | 2,677.93 |
| | | | 1,34,629.77 | 1,74,426.76 |
| | TOTAL EQUITY AND LIABILITIES (1+2) | | 4,77,840.24 | 4,86,448.80 |

Odisha Hydro Power Corporation Limited

Standalone Balance Sheet for the year ended 31st March 2021

(All amounts in Indian rupees, except share data and unless otherwise stated)

(INR IN LAKHS)

| SI No | Particulars | Note No. | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|-------|--|----------|---------------------------------------|---------------------------------------|
| | | | Ind AS | Ind AS |
| | ASSETS : | | | |
| (1) | Non-Current Assets | | | |
| (a) | Property, Plant & Equipment | 2 | 79,767.74 | 76,993.24 |
| (b) | Capital Work-in-Progress | 3 | 26,093.58 | 28,446.19 |
| (c) | Financial Assets | | | |
| | (i) Investments | 4 | 1,40,445.31 | 36,406.47 |
| | (ii) Trade Receivables | 5 | 3,137.45 | 2,863.46 |
| | (iii) Loans | 6 | 35.20 | 35.20 |
| | (iv) Others | 7 | 69,020.57 | 70,231.53 |
| (d) | Other Non - Current Assets | 8 | 1,385.18 | 1,511.27 |
| | | | 3,19,885.03 | 2,16,487.36 |
| (2) | Current Assets | | | |
| (a) | Inventories | 9 | 4,960.21 | 4,307.15 |
| (b) | Financial Assets | | | |
| | (i) Trade Receivables | 10 | 9,259.25 | 6,689.99 |
| | (ii) Cash & Cash Equivalents | 11 | 5,183.27 | 4,315.84 |
| | (iii) Bank Balance other than (ii) above | 12 | 56,958.22 | 1,41,273.29 |
| | (iv) Loans | 13 | 3,590.53 | 4,823.20 |
| | (v) Others | 14 | 16,588.16 | 13,704.85 |
| (c) | Other Current Assets | 15 | 13,068.86 | 13,951.28 |
| | | | 1,09,608.50 | 1,89,065.60 |
| | TOTAL ASSETS (1+2) | | 4,29,493.53 | 4,05,552.96 |
| | EQUITY AND LIABILITIES : | | | |
| (1) | Equity | | | |
| (a) | Equity Share Capital | 16 | 83,319.07 | 81,065.07 |
| (b) | Other Equity | 17 | 1,19,556.21 | 1,07,360.62 |
| | | | 2,02,875.28 | 1,88,425.69 |
| (2) | Liabilities | | | |
| (A) | Non-Current Liabilities : | | | |
| (a) | Financial Liabilities | | | |
| | (i) Borrowings | 18 | 92,605.90 | 95,628.90 |
| | (ii) Others | 19 | 5.27 | 10.26 |
| (b) | Provisions | 20 | 6,234.84 | 6,544.32 |
| (c) | Deferred Tax Liabilities (Net) | 21 | 5,439.58 | 8,952.80 |
| (d) | Other Non-Current Liabilities | 22 | 1,701.58 | 659.28 |
| | | | 1,05,987.17 | 1,11,795.56 |
| (B) | Current Liabilities | | | |
| (a) | Financial Liabilities | | | |
| | (i) Borrowings | 23 | 1,430.00 | 1,430.00 |
| | (ii) Trade Payables | | | |
| | 1. Total Outstanding dues of Micro Enterprises and Small Enterprises | | | |
| | 2. Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises. | 24 | 3,332.69 | 2,884.10 |
| | (iii) Others | 25 | 1,09,392.93 | 97,401.31 |
| (b) | Other Current Liabilities | 26 | 2,231.81 | 58.76 |
| (c) | Provisions | 27 | 4,243.65 | 3,557.54 |
| | | | 1,20,631.08 | 1,05,331.71 |
| | TOTAL EQUITY AND LIABILITIES (1+2) | | 4,29,493.53 | 4,05,552.96 |

| | | |
|--|--------------------|------------------------|
| Standalone Statement of Cash Flow for the year ended 31st March 2023 | | |
| (All amounts in Indian rupees, except share data and unless otherwise stated) | | |
| | (INR IN LAKHS) | |
| | As at | |
| | 31st March 2023 | 31st Marc h 2022 |
| Cash Flow from Operating Activities | | |
| Profit for the year | 46,161.33 | 12,28 3.16 |
| Adjustments for: | | |
| Depreciation & Amortization | 7,716.02 | 6,775. 00 |
| Finance Costs | 6,482.42 | 6,710. 93 |
| Finance Income | (9,317.42) | (3,67 3.16) |
| (Profit)/Loss on Sale of Property, Plant and Equipment | 146.74 | (282. 01) |
| Amortization of -GRANT-IN-AID | (68.37) | (62.9 |
| 44 | | |

| | | |
|---|--------------------|-------------------|
| | | 8) |
| Income/Expenses directly debited to reserve accounts | - | - |
| Operating Cash Flows before Working Capital changes | 51,120.72 | 21,750.94 |
| Changes in Operating Assets and Liabilities | | |
| Inventories | (1,448.98) | (386.22) |
| Trade Receivables | (35.22) | 2,709.54 |
| Other Non-Current Assets | | - |
| Other Assets | (22,990.18) | (4,830.57) |
| Non-current loans | 1.68 | (1.36) |
| Trade Payables | 587.97 | (1,981.37) |
| Other Liabilities | (46,674.13) | 47,849.09 |
| Provisions - Current | (578.75) | (1,536.94) |
| Provisions for Non-Current | (392.31) | 385.4 |

| | | |
|---|--------------------|------------------|
| | | 5 |
| Net Cash provided by Operating Activities before Taxes | (20,410.88) | 63,959.92 |
| Income Tax Adjustment | - | - |
| Income Taxes Paid | (5,888.89) | (4,649.24) |
| Net Cash provided by Operating Activities | (26,299.77) | 59,310.68 |
| Cash Flow from Investing Activities | | |
| Purchase of Property, Plant and Equipment | (11,043.39) | (7,146.69) |
| Proceeds from Sale of Property, Plant and Equipment | 970.01 | 494.51 |
| Investment in Bank Deposits | (140,525.16) | 7,851.00 |
| Investment in Shares, Debentures and Other Securities | 120,650.39 | (3,457.55) |
| Finance Income Received | 4,038.91 | 3,778.27 |
| Net Cash Generated/(Used) in Investing Activities | (25,909.24) | 1,519.54 |
| <hr/> 46 | | |

| | | |
|--|-------------------|-------------------|
| Cash Flow from Financing Activities | | |
| Increase in Share Capital | - | - |
| Dividend paid including DDT | (4,558.68) | (172.93) |
| Repayment of Long- Term Loan | (3,023.00) | (3,023.00) |
| Finance Cost Paid | (0.01) | (16.91) |
| Govt- Grant Received | 3.90 | 10.46 |
| Net Cash Generated/(Used) in Financing Activities | (7,577.79) | (3,202.38) |
| Effect of Exchange differences on translation of Foreign Currency Cash and Cash Equivalents | | - |
| Net Increase / (Decrease) in Cash and Cash Equivalents | (59,786.80) | 57,627.84 |
| | | |
| Cash and Cash Equivalents at the Beginning of the Period | 62,811.11 | 5,183.27 |
| Cash and Cash Equivalents at the End of the Period (Note 11) | 3,024.31 | 62,811.11 |

Cash Flow Statement:

Cash Flow Statement:

The cash flow statement shows how changes in balance sheet accounts and income affect cash and cash equivalents, providing insights into a company's operating, investing, and financing activities. It is divided into three sections: operating activities, investing activities, and financing activities. The cash flow statement helps assess a company's liquidity and ability to generate cash flows to meet its obligations and fund its operations.

Cashflow analysis:

1. Operating Activities:

- **Operating Cash Flow Before Working Capital Changes:** The sharp decline in operating cash flow before working capital changes from a positive INR 63,959.92 lakhs in 2022 to a negative INR 20,410.88 lakhs in 2023 is alarming. It suggests a significant deterioration in the company's ability to generate cash from its core operations.

➤ **Changes in Operating Assets and Liabilities:**

- **Inventories:** The decrease in inventories by INR 1,448.98 lakhs may indicate better inventory management or lower production levels.
- **Trade Receivables:** The slight decrease in trade receivables indicates improved collection efficiency or a reduction in credit sales.
- **Other Assets:** The substantial decrease in other assets by INR 22,990.18 lakhs warrants further investigation into the nature of these assets and the reasons behind the decline.
- **Trade Payables and Other Liabilities:** The increase in trade payables and decrease in other liabilities suggest improved creditor terms and better liability management, respectively.
- **Provisions:** The decrease in both current and non-current provisions may reflect lower anticipated expenses or more accurate estimation techniques.
- **Net Cash Provided by Operating Activities:** The negative cash flow from operating activities after adjusting for taxes indicates that the company's operations did not generate sufficient cash to cover its expenses and investments during the period. Further analysis is needed to identify the specific reasons for this decline and implement corrective measures.

2. Investing Activities:

1. Purchase of Property, Plant and Equipment:

- Odisha Hydro Power Corporation invested INR 11,043.39 lakhs in property, plant, and equipment in 2023, compared to INR 7,146.69 lakhs in 2022. This increase indicates higher capital expenditure on fixed assets during the year, potentially for infrastructure development or capacity expansion.

2. Proceeds from Sale of Property, Plant and Equipment:

- The company generated INR 970.01 lakhs from the sale of property, plant, and equipment in 2023, compared to INR 494.51 lakhs in 2022. This increase in proceeds from asset sales suggests active asset management, potentially to optimize its asset base or generate funds for other investments.

3. Investment in Bank Deposits:

- Odisha Hydro Power Corporation significantly reduced its investment in bank deposits by INR 140,525.16 lakhs in 2023, compared to an increase of INR 7,851.00 lakhs in 2022. This large outflow indicates a strategic decision to withdraw funds from bank deposits, possibly to deploy them elsewhere or manage liquidity differently.

4. Investment in Shares, Debentures and Other Securities:

- The company made substantial investments totalling INR 120,650.39 lakhs in shares, debentures, and other securities in 2023, compared to disinvestments of INR 3,457.55 lakhs in 2022. This indicates a significant shift towards investing in financial instruments, potentially for diversification or higher returns.

5. Finance Income Received:

- Finance income received increased slightly to INR 4,038.91 lakhs in 2023 from INR 3,778.27 lakhs in

2022. This income includes interest received on investments or bank deposits, indicating a steady return on the company's financial assets.

6. Net Cash Generated/(Used) in Investing Activities:

- Overall, the net cash flow from investing activities was negative at INR (25,909.24) lakhs in 2023, indicating higher cash outflows compared to inflows from investing activities. This reflects significant capital expenditures on property, plant, and equipment, coupled with investments in securities, offset by proceeds from asset sales and finance income received.

3. Financing Activities:

1. Dividend Paid including Dividend Distribution Tax (DDT):

- The company paid dividends amounting to INR 4,558.68 lakhs in 2023, compared to INR 172.93 lakhs in 2022. This significant increase in dividend payments indicates a distribution of profits to shareholders, possibly reflecting improved profitability or a dividend policy change.

2. Repayment of Long-Term Loan:

- Odisha Hydro Power Corporation repaid long-term loans totalling INR 3,023.00 lakhs in both 2023 and 2022. This repayment reduces the company's long-term debt obligations, potentially lowering future interest expenses and enhancing financial flexibility.

3. Finance Cost Paid:

- Finance costs paid decreased significantly to INR 0.01 lakhs in 2023 from INR 16.91 lakhs in 2022. This reduction suggests efficient management of financing expenses or a decrease in borrowing costs during the year.

4. Government Grant Received:

- Odisha Hydro Power Corporation received a government grant of INR 3.90 lakhs in 2023, compared to INR 10.46 lakhs in 2022. Grants received provide additional funding for specific projects or operational activities, contributing to cash inflows.

5. Net Cash Generated/(Used) in Financing Activities:

- The net cash flow from financing activities was negative at INR (7,577.79) lakhs in 2023, indicating higher cash outflows compared to inflows from financing activities. This reflects substantial dividend payments and loan repayments during the year.

Overall Analysis:

OHPC's cash flow statement for 2023 reflects a challenging financial year characterized by a significant decline in operating cash flow, increased capital expenditure and investments, and higher dividend payments. The company needs to closely examine its operating performance, liquidity position, and capital allocation decisions to address the issues highlighted in the analysis and improve its financial health. Additionally, OHPC should consider implementing strategies to enhance operational efficiency, manage working capital more effectively, and explore alternative sources of financing to support its growth objectives.

Suggestions:

1. Enhance Operational Efficiency:

- Conduct a detailed review of operational processes to identify inefficiencies and cost-saving opportunities.
- Implement measures to optimize resource utilization, streamline workflows, and improve productivity.
- Focus on enhancing the reliability and performance of existing hydro power assets to maximize output.

2. Working Capital Management:

- Develop effective strategies to manage inventory levels, optimize supply chain processes, and reduce carrying costs.
- Strengthen receivables management by implementing stricter credit policies, improving invoicing

and collection procedures, and monitoring customer creditworthiness.

- Negotiate favourable payment terms with suppliers to extend payables without affecting relationships.

3. Investment Strategy:

- Evaluate investment decisions carefully, ensuring alignment with long-term strategic goals and risk-return objectives.
- Diversify investment portfolios to mitigate risks and capitalize on emerging opportunities in the energy sector.
- Monitor market trends and regulatory developments to adapt investment strategies accordingly.

4. Debt Management:

- Continue efforts to reduce long-term debt through timely repayments and refinancing initiatives.
- Negotiate favourable terms with lenders to lower interest rates and extend maturity periods, reducing the financial burden on the company.

5. Dividend Policy:

- Review the dividend policy to ensure sustainability and alignment with the company's financial position and growth prospects.
- Consider retaining a portion of earnings for reinvestment in the business to support future expansion and value creation.

6. Cash Flow Forecasting:

- Develop robust cash flow forecasting models to anticipate liquidity needs and identify potential cash shortfalls in advance.
- Regularly monitor actual cash flows against forecasts and adjust strategies as needed to maintain adequate liquidity levels.

7. Cost Control and Expense Management:

- Implement stringent cost control measures to eliminate unnecessary expenses and improve overall cost efficiency.
- Conduct regular reviews of operating expenses and capital expenditures to identify areas for optimization and rationalization.

8. Risk Management:

- Identify and assess key risks to the company's cash flow, including operational, financial, and market risks.
- Develop comprehensive risk management strategies to mitigate identified risks and enhance resilience to external challenges.

9. Stakeholder Communication:

- Maintain transparent communication with shareholders, lenders, and other stakeholders regarding the company's financial performance, cash flow outlook, and strategic initiatives.
- Seek feedback and input from stakeholders to inform decision-making and build trust and confidence in the company's management.

RATIO ANALYSIS-

1.Current Ratio: This ratio measures a company's ability to pay its short-term liabilities with its short-term assets. It's calculated as

Current Assets / Current Liabilities.

➤ **2023**

- 246,264.38 / 134,629.77

= 1.83

➤ 2022

- $160,179.28 / 174,426.76$
 $= 0.92$

Interpretation:

- **Improvement in Liquidity:** The rise in the current ratio from 0.92 in 2022 to 1.83 in 2023 indicates significantly improved liquidity. This suggests the company has bolstered its current assets, reduced current liabilities, or both.
- **Better Ability to Meet Short-Term Obligations:** With a current ratio of 1.83, the company can more comfortably cover its short-term liabilities using its current assets, reducing reliance on external financing.
- **Investor and Creditor Assurance:** A current ratio above 1.0 (1.83) reassures investors and creditors of the company's ability to manage short-term financial obligations effectively, indicating strong financial health and liquidity management.

2. Quick Ratio (Acid-Test Ratio): This ratio is similar to the current ratio but excludes inventory from current assets. It provides a more conservative measure of a company's liquidity.

Quick Ratio = (Current Assets - Inventory) / Current Liabilities.

➤ 2023

- $(246,264.38 - 6,795.41) / 134,629.77$
 $= 1.78$

➤ 2022

- $(160,179.28 - 5,346.43) / 174,426.76$
 $= 0.89$

Interpretation:

- **Improved Liquidity:** The increase in the quick ratio from 0.89 in 2022 to 1.78 in 2023 signifies improved liquidity. This improvement suggests the company has enhanced its ability to cover short-term financial obligations with its most liquid assets, excluding inventory.
- **Conservative Measure:** The quick ratio provides a more conservative measure of liquidity compared to the current ratio by excluding inventory, which may not be as readily convertible to cash. A ratio above 1.0 (specifically 1.78) indicates a healthier liquidity position, reassuring stakeholders about the company's ability to manage short-term obligations.
- **Financial Health Indicator:** Investors and creditors often use the quick ratio to assess a company's financial health and its ability to weather short-term financial challenges without relying on inventory sales.

3. Return on Assets (ROA): ROA measures how efficiently a company uses its assets to generate earnings. It's calculated as

Net profit / Total Assets.

➤ 2023

- $39,968.68 / 477,840.24$
 $= 0.083$

➤ 2022

- $8,885.94 / 486,448.80$
 $= 0.02$

Interpretation:

- **Efficiency in Asset Utilization:** The ROA measures how effectively the company's assets are used to generate profit. An increase in ROA from 2.0% in 2022 to 8.3% in 2023 indicates significant improvement in efficiency. The company has been more effective in generating earnings relative to its asset base in 2023.
- **Financial Performance:** A higher ROA generally signifies better financial performance and management efficiency. It indicates that the company has either increased profitability, reduced asset base, or both, resulting in improved returns on its assets.
- **Comparative Analysis:** Investors and analysts use ROA to compare a company's performance over time or against its competitors. A rising ROA reflects positive management decisions and operational effectiveness.

4. Return on Equity (ROE): ROE measures how effectively a company uses shareholders' equity to generate profits. It's calculated as

Net profit / Average total Equity.

➤ **2023**

$$\begin{aligned} & \bullet \quad 39,968.68 / (83,319.07 + 83,319.07) / 2 \\ & \quad = 47.97 \end{aligned}$$

➤ **2022**

$$\begin{aligned} & \bullet \quad 8,885.94 / (83,319.07 + 83,319.07) / 2 \\ & \quad = 10.66 \end{aligned}$$

Interpretation:

- **Improvement in Profitability:** The increase in ROE from 10.66% in 2022 to 47.97% in 2023 signifies a substantial improvement in profitability and efficiency. This improvement suggests that the company has been more effective in utilizing shareholders' equity to generate higher profits.
- **Shareholder Value Creation:** A higher ROE indicates that the company is effectively generating returns for its shareholders. It reflects positively on the company's ability to create value and maximize profitability relative to the equity invested by shareholders.
- **Financial Health Indicator:** ROE is a key metric used by investors and analysts to assess a company's financial health and performance. A rising ROE over time is generally seen as a positive indicator of management effectiveness and profitability growth.

5. Return on Capital Employed (ROCE): ROCE evaluates the efficiency of capital investments. It's calculated as

Earnings Before Interest and Taxes (EBIT) / Capital Employed (Net worth + Borrowings + Deferred tax liabilities).

➤ **2023**

$$\begin{aligned} & \bullet \quad (46,161.33 + 6,482.42) / (244,611.91 + 4,217.03 + 86,559.90) * 100 \\ & \quad = 15.702 \end{aligned}$$

➤ **2022**

$$\begin{aligned} & \bullet \quad (12,283.16 + 6,710.93) / (209,491.17 + 4,670.57 + 89,582.90) \\ & \quad = 6.25 \end{aligned}$$

Interpretation:

- **Improvement in Efficiency:** The increase in ROCE from 6.25% in 2022 to 15.70% in 2023 indicates improved efficiency in utilizing capital investments to generate earnings. This improvement suggests that the company has been more effective in generating returns from its capital employed.
- **Investment Performance:** ROCE is a critical metric that evaluates how well a company generates profits relative to the capital invested in the business. A higher ROCE signifies better investment performance and management efficiency.

- **Comparison and Analysis:** Investors and analysts use ROCE to compare a company's performance over time and against its peers. A rising ROCE generally indicates effective management of capital and improved profitability.

6. Debt to Equity Ratio: This ratio indicates the proportion of debt relative to shareholders' equity used to finance a company's assets.

Debt to Equity Ratio = Total Debt / Shareholders' Equity.

➤ **2023**

$$\begin{aligned} & \bullet \quad (86,559.90 + 4,453.00) / 244,611.91 \\ & \quad = 0.37 \end{aligned}$$

➤ **2022**

$$\begin{aligned} & \bullet \quad (89,582.90 + 4,453.00) / 209,491.17 \\ & \quad = 0.45 \end{aligned}$$

Interpretation:

- **Financial Leverage:** A lower Debt to Equity Ratio (0.37 in 2023 compared to 0.45 in 2022) suggests reduced financial leverage. The company relied less on debt financing relative to its equity in 2023, which can indicate a more conservative financial structure.
- **Risk Assessment:** A lower Debt to Equity Ratio typically signifies lower financial risk because the company is less reliant on borrowed funds. It indicates a stronger ability to withstand financial downturns or challenges without defaulting on debt obligations.
- **Investor Perspective:** Investors often prefer lower Debt to Equity Ratios as they indicate a healthier balance sheet structure and less financial risk. It suggests that the company may have improved its financial health by reducing its debt burden relative to its equity base.

7. Interest Coverage Ratio: This ratio assesses a company's ability to pay interest expenses on outstanding debt. It's calculated as

Earnings Before Interest and Taxes (EBIT) / Interest Expense.

➤ **2023**

$$\begin{aligned} & \bullet \quad (46,161.33 + 6,482.42) / 6,482.42 \\ & \quad = 8.12 \end{aligned}$$

➤ **2022**

$$\begin{aligned} & \bullet \quad (12,283.16 + 6,710.93) / 6,710.93 \\ & \quad = 2.83 \end{aligned}$$

Interpretation:

- **Improvement in Financial Health:** The increase in the Interest Coverage Ratio from 1.83 in 2022 to 7.12 in 2023 indicates a substantial improvement in the company's ability to service its debt obligations. A higher ICR signifies that the company has a healthier financial position with more robust earnings relative to its interest expenses.
- **Risk Assessment:** A higher Interest Coverage Ratio is reassuring to creditors and investors, as it indicates lower financial risk associated with the company's debt. It suggests that the company has sufficient earnings to comfortably meet its interest payments without strain.
- **Operational Efficiency:** A rising ICR over time reflects improved operational efficiency and profitability, which are positive indicators of financial management and sustainability.

8. Debt Service Coverage Ratio: This ratio measures a company's ability to cover its debt obligations with its operating income. It's calculated as

Earning for Debt Service (Net Profit after taxes + Non-Cash operating expenses + Interest+ Other non-cash adjustments) / Debt Service (Interest and lease payments (to be made in subsequent

financial year) + Principal repayments)

➤ **2023**

- $(39,968.68 + 7,716.02 + 6,482.42) / 3,023.00$
 $= 17.92$

➤ **2022**

- $(8,885.94 + 6,775.00 + 6,710.93) / 3,023.00$
 $= 7.40$

9. Debt to Asset Ratio: This ratio indicates the proportion of a company's assets financed through debt.
Debt to Asset Ratio = Total Debt / Total Assets.

➤ **2023**

- $(98,598.56 + 134,629.77) / 477,840.24$
 $= 0.4875, 48.75 \%$

➤ **2022**

- $(102,530.87 + 174,426.76) / 486,448.80$
 $= 0.5694, 56.94 \%$

Interpretation:

- A lower debt to asset ratio (as in 2023 compared to 2022) generally indicates a healthier financial position because it suggests that the company is relying less on debt financing to support its operations and growth.
- The decrease in the debt to asset ratio from 2022 to 2023 suggests that the company may have either reduced its debt levels relative to its assets or experienced an increase in total assets without a corresponding increase in debt, which can be a positive sign of financial stability and improved risk management.

CHAPTER:5

SUMMARY:

- 1) After the analysis of Financial Statements, the company status is better, because the Net working capital of the company is doubled from the last year's position.
- 2) The company profits are huge in the current year; it is better to declare the dividend to shareholders.
- 3) The company is utilising the fixed assets, which majorly help to the growth of the organisation. The company should maintain that perfectly.
- 4) The company fixed deposits are raised from the inception, it gives the other income i.e., Interest on fixed deposits.

CONCLUSION:

The whole project is derived in to six different chapters, where –

Chapter 1: includes self introduction, topic introduction, reason for joining OHPC for the project work its objectives, purpose ,limitation

Chapter -2: It includes theoretical aspects of the study.

Chapter -3: It includes company profile of OHPC at a glance.

Chapter -4: It includes data analysis of balance sheet, profit and loss statement, cash flow statement and different types of ratio analysis.

Chapter – 5: It includes finding of the study and conclusion.

Chapter – 6: It includes bibliography and literature survey.

The company's overall position is at a good position. Particularly the current year's position is well due to raise in the profit level from the last year position. It is better for the organization to diversify the funds to different sectors in the present market scenario.

CHAPTER:6

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- www.ICAI.com
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